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CONGRESSIONAL TESTIMONY

“Europe and Israel: Strengthening the Partnership”

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It is fitting that today's hearing is taking place just weeks after Israel celebrated the 60th anniversary of its founding. This tiny nation of just 7 million has fought seven wars in its brief history and survived in the face of insurmountable odds, international hostility and massive intimidation, a tribute to the strength of the human spirit and the willingness of Israelis to fight to defend their freedom. Few countries in modern times could claim the title "warrior nation". The United States and Great Britain definitely can, and Israel certainly qualifies for this distinction too.

Six decades on from its establishment however, Israel continues to fight for its very existence, and remains the most persecuted nation in modern history. The next few years will be a critical time for Israel, as it faces the prospect of the rise of a nuclear Iran that has pledged its destruction. If Israel is to survive another 60 years it is imperative that Israel, the United States, Great Britain and Europe confront the gathering storm and stand up to the biggest state-based threat to international security since the end of the Cold War. The West must be prepared to use force against Iran in addition to wielding economic and political pressure.

By questioning the reality of the Holocaust, threatening to wipe Israel off the face of the map, and calling for the Jewish state to be relocated thousands of miles away, Iranian President Mahmoud Ahmadinejad has made clear his intentions. Too often in the Twentieth Century, world leaders ignored statements such as these, only to watch in horror as barbaric actions followed earlier threatening rhetoric dismissed at the time as the words of a madman. If we are to learn the lessons of history, we must take the Iranian leadership at its word. As Israeli President Shimon Peres warned earlier this year, "a nuclear armed Iran will be a nightmare for the world."

The Iranian Threat

There are distinct echoes of the heated discussions in Europe and the United States over the intentions of Adolf Hitler in the mid to late 1930s in today's debate over Iran. Then as now, there was a constant barrage of calls from political elites on both sides of the Atlantic for direct talks with a totalitarian regime and illusory hopes of reaching out to "moderates" within the government, a general downplaying of the threat level, widespread inaction and hand-wringing, and staggering complacency over levels of defense spending.

The brutal lessons of the last hundred years taught that there can be no negotiation with this sort of brutal dictatorship, and it would be a huge strategic error for the West to do so. There will be endless debate in international policy circles over Tehran's nuclear intentions, but the essential fact remains that the free world is faced with a fundamentally evil and barbaric regime with a track record of backing international terrorism, repressing its own people, issuing genocidal threats against its neighbors, and of aiding and abetting the killing of Allied forces in Iraq.

As the world's largest sponsor of international terror, and a dangerous rogue regime hell-bent on acquiring nuclear weapons capability, Iran must be stopped. The latest Israeli intelligence

assessments indicate that Iran could have a nuclear weapon as early as mid-2009.² This is several years ahead of the flawed consensus assessment of the National Intelligence Estimate (NIE)³, and gives added urgency to the debate over the Iranian nuclear issue.

The European Union and Iran

Every effort must be made to increase the pressure on Tehran through the Security Council and European economic, military and political sanctions. Important progress has been made in recent weeks in strengthening European Union sanctions against Iran. In June, all 27 EU member states agreed to freeze the assets of Iran's biggest state-owned bank, Melli Bank⁴ as well as impose visa restrictions on a number of prominent Iranian nuclear and military officials, including Defence Minister Mostafa Mohammed Najjar and Gholamreza Aghazadeh, head of Iran's Atomic Energy Organization.⁵

Far more though needs to be done, both at the EU and member state level. Washington must push for Europe to support a policy of interdiction to halt the export or import of sensitive technology or materials, a complete investment freeze including a ban on investment in Iranian liquefied natural gas operations⁶, support for democratic movements inside Iran, and the possible use of military force as a last resort. The tortuous EU-3 negotiations with Tehran (led by France, Germany and Britain), which have already dragged on for several years, have thus far been nearly all carrot and no stick and have proved spectacularly unsuccessful.

Major European players such as Germany hold critically important keys to increasing the economic pressure on the Iranian regime. Iran has in recent years derived roughly 35 percent of its total imports from the European Union, and European exports to Iran are worth over 12 billion euros a year.⁷ Germany is Iran's biggest European trading partner, with exports worth 3.6 billion euros in 2007 backed by 500 million euros of export guarantees⁸, and possesses extraordinary leverage over Iran if it chose to wield it.

² Yaakov Katz and Herb Keinon, "Israel: Iran Could Have Nukes by '09", *The Jerusalem Post*, May 6, 2008, at <http://www.jpost.com/servlet/Satellite?cid=1209627027461&pagename=JPost%2FJPArticle%2FShowFull>

³ For in-depth analysis of the NIE, see James Phillips, "Don't Be Misled by NIE on Iran's Nuclear Efforts", Heritage Foundation WebMemo No. 1727, December 7, 2007, at http://www.heritage.org/Research/Iran/upload/wm_1727.pdf

⁴ David Blair, "Iranian Bank Assets Frozen by EU Sanctions", *Daily Telegraph*, June 16, 2008, at <http://www.telegraph.co.uk/news/2139863/Iranian-bank-assets-frozen-by-EU-sanctions.html>

⁵ Damien McElroy, "Iran Criticizes European Union Sanctions", *Daily Telegraph*, June 24, 2008.

⁶ Extensive pressure must be applied on Switzerland for example to halt a \$30 billion contract between Zurich-based contractor EGL and the National Iranian Gas Export Company.

⁷ "Europe and the Mullahs: How the EU Subsidizes Trade with Iran", *The Wall Street Journal*, February 20, 2007, at <http://www.opinionjournal.com/editorial/feature.html?id=110009689>

⁸ Matthias Kuntzel, "The Tehran-Berlin Axis", *The Wall Street Journal*, May 15, 2008 at <http://www.matthiaskuntzel.de/contents/the-tehran-berlin-axis>

According to a 2007 report by the *Realité EU* think tank⁹, which compiled information from several sources including the German-Iranian Chamber of Commerce in Tehran, a staggering five thousand German companies do business with Iran, including heavyweights such as Siemens and BASF. Two thirds of Iranian industry relies on German engineering products, and the German Engineering Federation (VDMA) boasted of German machine construction exports to Iran worth 1.5 billion euros in 2005, with an increase in 2006. The Federal Government insures around 65 percent of exports to Iran (second only to China).

At present Germany remains the weakest link in the West's confrontation with Tehran. Despite the huge economic clout that Berlin wields with Iran, the Merkel administration has not been at the forefront of international efforts to force the Iranian regime to give in to international pressure. In contrast to French President Nicolas Sarkozy's emphatic denunciations of Mahmoud Ahmadinejad's highly provocative statements, Angela Merkel's grand coalition has appeared weak-kneed and indecisive, largely due to opposition to tougher measures from the government's socialist wing.

Berlin has played a central role in European Union negotiations with Tehran, including a meeting in late 2007 between Foreign Minister Frank-Walter Steinmeier and Iranian nuclear negotiator Saeed Jalili in Hamburg, as well as a three-day visit to Berlin in April 2008 by Iranian Vice Foreign Minister S.E. Mehdi Safari.¹⁰ Such negotiations however have proven to be fruitless, and have simply encouraged Tehran to increase their own demands while continuing its nuclear build-up. The European Union's policy of "constructive engagement" towards Iran, championed by the Merkel administration and that of her predecessor Gerhard Schröder, has been a huge failure which has simply emboldened the regime. Throughout its history, the EU has rarely encountered a dictatorship it has refused to enter into dialogue with, and Iran has been no exception.

Tehran's strategy will be to seek to divide the West's approach to its nuclear ambitions, weakening the likelihood of sustained international sanctions outside of the United Nations. Iran's rulers know that they can rely on both Russia and China to weaken sanctions at the Security Council, and are hoping that internal divisions within Europe will hamper the prospect of Europe-wide measures being imposed. It is a classic "divide and rule" approach that they are banking upon, and it is important that Berlin and other European governments do not fall into this trap.

The EU and Middle East Terrorism

The European Union as well as individual European nations must also be prepared to toughen their position with regard to terrorist organizations operating in the Middle East and which pose a direct threat to Israel as well as the West. Although the EU has placed Hamas on its proscribed list of terrorist groups, it has so far refused to include Hezbollah, the Iranian and Syrian backed Lebanese-based movement responsible for more American deaths than any terror group with the exception of al-Qaeda.

⁹ "Germany's Economic Ties to Iran", *Realité EU*, September 17, 2007, at <http://www.realite-eu.org/site/apps/nl/content3.asp?c=9dJBLNkGiF&b=2315291&ct=4420179>

¹⁰ Kuntzel, "The Tehran-Berlin Axis"

The regime in Tehran gives \$100 million to \$200 million a year in support of Hezbollah, providing rockets, arms, mines, explosives, and anti-ship and anti-aircraft missiles. Hezbollah has cooperated closely with Hamas, the al-Aqsa Martyr's Brigade, Palestinian Islamic Jihad and al-Qaeda in striking against Israeli targets. Washington must apply significant pressure on Paris, Madrid and Brussels, three outposts of European opposition to anti-Hezbollah measures in the EU. As James Phillips, Heritage Foundation Research Fellow for Middle Eastern Affairs has written¹¹,

“Classifying Hezbollah as a terrorist organization would significantly constrain its ability to operate in Europe and severely erode its ability to raise funds there and use European banks to transfer funds around the globe. All EU member states would be required to freeze Hezbollah assets and prohibit Hezbollah-related financial transactions. Hezbollah leader Hassan Nasrallah recognized the damage that this would do to his organization in a March 2005 interview aired on Hezbollah's al-Manar television network: “The sources of [our] funding will dry up and the sources of moral, political, and material support will be destroyed.””

Pressure should also be applied to ensure that European taxpayers' money does not support extremists in the Palestinian territories. The European Commission provides roughly 440 million euros a year (\$650 million) in aid to the Palestinian Authority (PA)¹², and is the world's largest single donor. Combined with contributions from EU member states, Europe currently gives the PA around one billion euros a year. Between the creation of the Palestinian Authority in 1993 under the Oslo Peace Accords and 2005, the European Union provided 2.3 billion euros in funding.¹³

A new study by the London-based think tank Taxpayers Alliance¹⁴ has exposed how EU funds are subsidizing Islamist-inspired violence and anti-Israeli and anti-Western propaganda in the Palestinian territories. This is done through direct financial support for the Palestinian Authority and funding for the Palestinian education system, which produces textbooks “that promote martyrdom, support the execution of apostates and support insurgents fighting British troops in Iraq.” There are also major concerns over EU funding of Non-Governmental Organization (NGOs) operating in the Palestinian territories without proper accountability and transparency.¹⁵

Israeli Membership of NATO

¹¹ James Phillips, “Hezbollah's Terrorist Threat to the European Union”, Heritage Lecture No. 1038, June 20, 2007, at <http://www.heritage.org/Research/MiddleEast/hl1038.cfm>

¹² “Commission Co-chairs Palestinian Donors Conference and Announces €440 Million To the Palestinians for 2008”, European Commission Press Release, December 17, 2007, at <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/1938&format=HTML&aged=0&language=EN&guiLanguage=en>

¹³ Gerald M. Steinberg, “Europe's Hidden Hand: EU Funding for Political NGOs in the Arab-Israeli Conflict”, NGO Monitor, April 2008, at http://www.ngo-monitor.org/data/images/File/NGO_Monitor_EU_Funding_Europes_Hidden_Hand.pdf

¹⁴ “Funding Hate Education: How British Taxpayers Are Funding Hate Education and Violence in the Middle East”, Taxpayers' Alliance, January 2008, at http://tpa.typepad.com/home/files/funding_hate_proof6_cors.pdf

¹⁵ Steinberg, “Europe's Hidden Hand: EU Funding for Political NGOs in the Arab-Israeli Conflict.”

As tensions with Iran escalate, and as the stakes are dramatically raised, the United States should support the admission of Israel into NATO¹⁶, which would offer a collective security guarantee in the face of Tehran's saber-rattling. Since the end of the Cold War, NATO has been searching for a continued role in the world, following its highly successful period deterring the Soviet Union. If NATO is to remain relevant, it must continue to adapt to new threats on the international stage, while retaining its timeless commitment to Western security and values.

Israel, which spends nearly 8 percent of its GDP on defense (in contrast to the NATO average of 1.74 percent excluding the United States), would be a major net asset to the Alliance, possessing a first rate army, air force and navy, as well as outstanding intelligence and special forces capability. There is likely to be strong initial opposition to the move by some European countries, including France and Belgium, but it is a debate that NATO should have sooner rather than later.

Israel meets NATO qualifications in terms of being a democracy, having a free market economy, and being able to contribute to the common defense. In fact, unlike many new NATO members, it is a net addition to the alliance, with a military capable of all aspects of war fighting, lift and logistics ability, and a second-to-none officer corps. Israel has active armed forces numbering 133,000 men and women, with 380,000 in reserve. It possesses up to 200 warheads capable of nuclear delivery, as well as a well-equipped Air Force and Navy.¹⁷ There is little doubt that Israel's intelligence capabilities have also been a vital asset in prosecuting the global war against Islamist terrorism.

Israel and Membership of the European Union

The past month has seen some positive developments in the arena of EU-Israel relations. In a move heavily criticized by Palestinian and Egyptian leaders, Brussels significantly upgraded its relationship with Tel Aviv during the annual EU-Israel Association Council meeting, a reflection of improving ties since the departure from the world stage of Jacques Chirac and Gerhard Schröder. Formal ties will be strengthened in three areas: diplomatic and political cooperation; a joint working group to explore Israeli entry into the European single market; and Israeli participation in some European agencies and programs.

Although full EU membership is unlikely to be on the table in the immediate future, it is conceivable that Israel may seek membership of the European Union within the next decade. Like Turkey, a leading candidate for membership of the EU, Israel is already closely tied to Europe in economic, sporting and cultural terms. Israel is for example part of UEFA, the governing body of European football, and its teams play in the European Champions League and UEFA Cup.

There are though significant hurdles on both sides. An Israeli application to join the EU would undoubtedly attract intense opposition from some Western European members with a track record of strong antipathy toward Israeli foreign policy, such as Belgium, and would spark a major debate across Europe. It would be a far more contentious issue than the recent accession of Eastern and

¹⁶ The Heritage Foundation first advocated Israeli membership of NATO in John Hulsman Ph.D. and Nile Gardiner Ph.D., "Confounding the Mullahs of Iran: It's Time for Israel to Join NATO", Heritage WebMemo #966, January 24, 2006, at <http://www.heritage.org/Research/MiddleEast/wm966.cfm>

¹⁷*The Military Balance 2008* (London: The International Institute for Strategic Studies, 2008).

Central European countries, and Israel would have to face down considerable hostility from officials in the European Commission and the European Parliament as well as widespread anti-Semitism that still rears its ugly head in parts of Europe.

For Israel a chief concern regarding EU membership would be a potential loss of national sovereignty. There would naturally be strong opposition in Tel Aviv towards the centralization of political and military power in Brussels, in the shape of the European Security and Defence Policy (ESDP) and Common Foreign and Security Policy (CFSP), both major constraints on Israel's freedom to operate independently.

Israeli membership of the EU itself could only work if Europe moves away from "ever closer union" towards a more flexible, decentralized grouping of nation states, centered on the principle of free markets and the free movement of goods and services. The Irish rejection of the Treaty of Lisbon in last month's referendum struck a huge blow against the creation of a European superstate, and there are hopes that this seminal event will pave the way for a European Union that actually respects the principle of national sovereignty.

There are however no guarantees that Europe's political elites will listen to public opinion and change course – after all, democracy is usually the last thing on the minds of EU bureaucrats. A safer alternative for Israel would be membership of the European Free Trade Area (EFTA), with all the benefits of the European single market but less of the political baggage of the EU.

Conclusion

The admission of Israel to NATO should be an important foreign policy goal for the United States. Israel is a vital American ally and friend, and membership of the alliance would be in America's and Israel's interest.

The United States, NATO and key European allies must work together to defend Israel in the face of growing intimidation from Iran and an array of international terrorist movements. The consequences of a failure to deal with the Iranian threat are immense: a nuclear-armed rogue state ruled by fanatical Islamist extremists that will have no qualms about using its power to dominate the Middle East or to arm a wide array of proxy international terrorist groups. It is a vision of the future that cannot be allowed to pass, and the European Union as well as major European powers should reject negotiation in favour of an assertive policy of zero tolerance for Iran's nuclear ambitions. This is a time for tough resolve from European leaders, and not a moment to project weakness and indifference in the face of a brutal terrorist regime.

The West must reject the illusory promise of "peace in our time" conjured by advocates of an appeasement approach on both sides of the Atlantic towards the Mullahs of Iran, and ensure the world does not face a totalitarian Islamist regime armed with nuclear weapons. The freedom that Israel currently enjoys was secured through the sacrifice of her soldiers through several wars in the Middle East, as well as the earlier sacrifice of American and British troops in World War Two. It is the same liberty that we cherish today in the West, freedom that must be fought for and defended.